



MIDROC

Mid North Coast Regional Organisation of Councils

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Chairperson: Cr Liz Campbell, Mayor Kempsey Shire Council

13 February 2015

Mr John Skinner
Director – Network Regulation
Australian Energy Regulator
Level 20 - 175 Pitt Street
Sydney NSW 2000

Dear Mr Skinner

Re: Response to the revised proposals for 2015–19 regulatory control period.

The Mid North Coast Regional Organisation of Councils (MIDROC) represents over 270,000 people covering an area of more than 25,568kms comprising of the Local Government Areas of Gloucester Shire Council, Greater Taree City Council, Port Macquarie-Hastings Council, Kempsey Shire Council, Nambucca Shire Council, Bellingen Shire Council and Coffs Harbour City Council.

MIDROC is one of the fastest growing regions outside of the Sydney metropolitan area and attracts over seven million tourists per annum.

MIDROC's vision is *"a connected region with strong councils and vibrant communities"*.

MIDROC serves to:

- Advocate to and informs all spheres of government of the economic, social, environmental and infrastructure needs of the region.
- Strengthen the role of local government in regional affairs with regard to policy and strategic directions of both State and Federal government.
- Support the implementation of strategies that will build community capacity across the region and
- Increase the effectiveness and efficiency of member councils through sharing ideas and resources.

This region does not have capacity in the timeframe to provide feedback to the series of issues raised by Essential Energy in its submission with regard to the regulatory framework.

However, we make the following general observations which we hope will empower the AER to remain resolute as the independent body acting to regulate in the community's interest in response to what is arguably the rhetoric of a monopoly entity.

- The information provided by Essential Energy is voluminous, complex and trades on confidentiality provisions which this region does not support.

This Regional Organisation of Councils speaks for over 270,000 people covering an area of more than 28,943sq kms comprising Gloucester, Greater Taree, Port Macquarie-Hastings, Kempsey, Nambucca, Coffs Harbour and Bellingen Councils.

Where the region does have some knowledge regarding, for example, the information provided on the Street Lighting, it is not confident that the advice provided in the Essential Energy submission is reflective of the Committee's views, for example:-

- *Key themes to emerge from the initial meeting of this group include:*
- *Acknowledgement of the positive step towards more effective and long-term engagement with councils around public lighting.*
- *Consensus for a transition for the introduction of increases to public lighting charges.*
- *Recognition of the need to formulate a more cost effective approach to public lighting service delivery, outside of the requirements of the Public Lighting Code 2006, a code that is potentially outdated and not geared towards assets spread across a very large geographic area.*
- *Commitment from Essential Energy to a more consultative approach to lighting tender processes, service level agreements and access to data.¹*

Of these four “themes” only two are mentioned in the minutes of December 11 2014, the first and last, while items two and three were not. Further, item 3 is not reflective at all of the views of this ROC. Instead, it is the view of this region that there should be some type of service level agreement at the very least the Public Lighting Code, that the region can trade on.

Regarding confidentiality, given the complex and voluminous nature of the information in this process, it is not reasonable that local government can respond without seeking expert advice at considerable ongoing costs. MIDROC financially contributed to the Centroc Submission - Public Lighting Proposal – August 2014.

In its Draft Determination, the AER concluded that Ausgrid’s confidentiality claims about its public lighting proposals hindered the ability of councils to make informed submissions. In conjunction with the release of revised utility proposals, the AER has authorised a limited form of disclosure of public lighting information whereby documents that the utilities claim confidentiality over will only be provided to public lighting consultants engaged by Regional Organisations of Councils or by councils. Such disclosure would only take place with the acceptance of a confidentiality undertaking and conflict of interest declaration.

MIDROC strongly supports Centroc’s stated position below as in the letter forwarded to you by Centroc 13 February 2015.

“On careful consideration, Centroc does not intend to ask its consultants, sub-contractors or any of its staff to agree to the confidentiality undertakings requested by the AER for four reasons:

- 1. Centroc does not support establishing a precedent that will inevitably result in confidential submissions being made in response to confidential pricing proposals. This is not in keeping with the principles of transparency and accountability for the expenditure of public funds on a public service provided by one public entity to another.*
- 2. Councils should not be asked to pay for work by external consultants that they are not ultimately privy to. This would be a particularly troubling precedent given that public funding would be used to pay for any such work.*

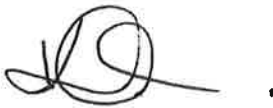
¹ Essential Energy Submission pp65-66

3. *As broadly-framed personal undertakings, it does not appear that ROCs or consultants would have insurance arrangements in place that provide adequate coverage for any of their employees asked to sign such documents. Centroc and its consultants would need to take costly specialist legal and insurance advice to address this which is not feasible in the timeframes available. Further, it appears unlikely that properly considered legal advice would recommend that any individual sign the type of documents proposed by the AER.*
4. *Centroc Councils overall do not believe that the limited disclosure approach to confidentiality meets with the stated intent of the Better Regulation Guidelines, does not fit with recent precedent from other AER pricing decisions, does not facilitate proper benchmarking by councils with street lighting pricing and assumptions in other jurisdictions, compromises councils' ability to understand the basis of pricing and generally undermines confidence in the pricing review process.*

This outcome on confidentiality claims is a particularly disappointing aspect of the current pricing review as, once again, councils are at a significant information disadvantage in this final round with little progress on this issue compared to the 2009 determination".

MIDROC strongly advocates the advice provided in the first Centroc submission and urges the AER to remain resolute regarding the need for street lighting charge increases to be reasonable and reflective of efficient street lighting operations.

Yours sincerely



Kathy Oliver
Executive Officer

Mid North Coast Regional Organisation of Councils